

Fiscal Year 2011/2012 Budget Highlights and Goals

Auditor's Office

FY2011 Highlights

- The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting, the twelfth consecutive year, for the FY2009 Comprehensive Annual Financial Report (CAFR), which was prepared by the Auditor's Office. In addition, the FY2009 Popular Annual Financial Report (PAFR) also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the second year. Both reports for FY2010 were submitted to the GFOA for the same awards. McHenry County continues to be the only county out of 102 counties in Illinois to receive the PAFR award.
- The Internal Audit Division continued ongoing reviews of the internal control structures of major processes within the County's Departments. Through the performance of these reviews, suggestions were made to various departments to assist with strengthening the internal controls within their areas of operations.
- The Auditor's Office assisted the Purchasing Department with a review and reduction in the number of active vendors in the County's financial management system. During the year, a list of approximately 16,500 active vendors were lowered to approximately 7,000 active vendors and a Vendor Maintenance Policy was drafted by the Auditor's Office for Purchasing to finalize for usage. Training on vendor maintenance was also scheduled for the departments for knowledge and efficiency in vendor requests.
- GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets was implemented during FY2010. Additionally, work was commenced on preparing the County for two upcoming GASB Statements – No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions and No. 61 – The Financial Reporting Entity: Omnibus.
- Successfully managed the FY2010 audit process with the external auditors, allowing for completion of the CAFR slightly ahead of the scheduled timetables.
- Complied with the reporting requirements of ARRA grants through quarterly reporting to FederalReporting.gov (the central government-wide data collection system for Federal agencies and Recipients of Federal awards for the Recovery Act), along with other regulatory reporting to the Department of Energy for the EECBG grant.
- With the assistance of IT in setting up an image scanning process, the Auditor's Office worked with the County Clerk to begin the scanning process of invoices from FY2009 to current. The next phase will involve rolling out accessibility of the invoices to County departments via OnBase and the financial accounting system. This will create efficiency in the retrieval process and also savings on invoice copies retained by departments.
- Increased grant activity continued to affect the workload of the Auditor's Office. Community Development grants contributed the most with an increase of 45% over FY2010 activity as represented by the number of draws processed. Previously, FY2010 draw activity increased by 425% over the averages of 2004 – 2009. Still, the Office was able to process these requests and assisted many grant departments with inquiries.
- Processed almost 21,000 invoices during the first 7 months of FY2011 totaling over \$35.6 million as compared to approximately 39,500 invoices for the entire FY2010 totaling \$72.7 million. The reviews connected with these invoices have resulted in savings to the County due to reasons such as duplicate invoices, incorrect charges, missed discounts, and freight and sales taxes that should have been deducted.
- Other required reporting included the filing of 431 - 1099's with the IRS for calendar year 2010 applicable payments by County department. Also, mandatory Continuing Financial Disclosure reporting was performed through the MSRB (Municipal Securities Rulemaking Board) website on the debt certificates owed by the County for various projects.

FY2012 Goals

- Submit the FY2011 CAFR and PAFR to the GFOA for financial reporting awards. The Auditor's Office continues to save the County significant funds in preparing the reports in-house and in coordinating the work and schedules necessary for the audit, in addition to the internal auditing conducted throughout the year.
- Implementation of GASB Statement No. 54 – Fund Balance Reporting and continued research and work for implementation of GASB Statement No. 61 – The Financial Reporting Entity: Omnibus in FY2013.
- The Internal Audit Division (IAD) will continue to perform an annual risk assessment of the County, which will be used in conjunction with the compilation of an Annual Audit Plan. This Plan outlines the audit program and highlights which audits will be conducted during the fiscal year. In addition, the Finance and Audit Committee will be kept informed of audit findings, recommendations, and the status of corrective actions.
- Offer more training sessions for County employees with financial-related, grant-related and internal control subjects.
- Prepare for IRS withholding of 3% on contracts and other federal payments, delayed until January 2013 – unless the regulation is repealed prior to required implementation.
- The County Auditor and Internal Auditor will complete examination and earn the designation of CIA (Certified Internal Auditor) during FY2012.
- Complete a Grant Inventory/Activity Report for usage by the County Board and County Administration.
- Continue work to complete the sections remaining on a Financial Accounting and Reporting Manual.
- Implement a system of contract centralization through electronic means with access to necessary departments, in cooperation with County Administration.